

# Charitable Giving Strategies: Making the Most of Your Donations

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## Charitable Giving – Making the Most of Your Decisions

As fall settles in and temperatures begin to drop, investors are reminded that year-end is rapidly approaching. This time of year often brings a flurry of financial activity, requiring close collaboration with financial advisors and CPAs. Charitable giving is one area that deserves particular attention during this season. When used correctly, charitable giving can be a powerful tool to support causes you care about while also benefiting your financial and estate planning goals. Whether through Donor-Advised Funds (DAFs), Qualified Charitable Distributions (QCDs) or the gifting of appreciated securities, there are multiple ways to give effectively. The key is determining the right timing, method and amount based on your individual circumstances. To help guide these decisions, we'll explore the advantages of various charitable giving techniques, provide a checklist to help you prepare for year-end and offer updates on the upcoming changes outlined in the "One Big Beautiful Bill," set to take effect in 2026.

## Assessing Your Situation – Where to Give and How Much

The first step in any effective giving strategy is to assess your current financial and estate situation. Begin by understanding your tax bracket and projected income for the year. Are you in a high-income year due to a business sale, bonus or Roth conversion? Are you itemizing deductions or taking the standard deduction? Do you expect a significant change in your income level now or in the future? These factors will influence which giving strategies are most beneficial and are critical questions to ask your financial advisor and CPA. Your accountant can clarify your tax exposure and potential benefits for the year, while your financial advisor can help identify the most appropriate giving vehicles. Together, these professionals can help you craft a strategy that aligns both your philanthropic goals and your financial objectives. By working in tandem, your advisor and CPA can help you make informed decisions that not only benefit the causes you care about but also strengthen your estate and legacy.

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## Methods of Giving – Advantages and Disadvantages

When planning charitable giving, choosing the right method can help significantly impact both your tax outcome and the effectiveness of your donation. Thus, the need for a cohesive strategy from your financial planning team is essential. Below we've shared a few of the key methods for giving, along with their advantages and disadvantages.

**Direct donation of appreciated assets.** By donating long-term appreciated assets such as stocks or mutual funds, you can avoid paying capital gains tax and receive a deduction for the full fair market value of the asset. This strategy is particularly useful for rebalancing concentrated portfolios or reducing exposure to volatile holdings.<sup>1</sup>

**Qualified Charitable Distributions (QCDs).** For individuals aged 70½ or older, QCDs allow for the transfer up to \$100,000 annually directly from your IRA to a qualified charity. These distributions count toward your Required Minimum Distributions (RMDs) and reduce your taxable income, even if you don't itemize deductions. However, QCDs must be made to operating charities and cannot be directed to DAFs or private foundations.<sup>2</sup>

**Donor-Advised Funds (DAFs).** Donor advised funds allow you to contribute cash, securities or other assets to a DAF to receive an immediate tax deduction but then distribute grants to charities over time. DAFs allow your contributions to grow tax-free and provide a convenient way to manage your philanthropic efforts. DAFs offer flexibility and long-term planning benefits but keep in mind that once assets are contributed, they are irrevocably committed to charitable use.<sup>3</sup>

## Looking Ahead – How the “One Big Beautiful Bill” Will Reshape Giving in 2026

The “One Big Beautiful Bill” (OB BB), signed into law on July 4, 2025, introduces several changes to charitable giving that will take effect in 2026. These changes aim to broaden access to charitable deductions while limiting benefits for high-income taxpayers.

**New deduction for non-itemizers.** One of the key updates is the introduction of an above-the-line deduction for non-itemizers. Starting in 2026, taxpayers who do not itemize can deduct up to \$1,000 for

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<sup>1</sup> *Non-cash donations* | Internal Revenue Service, <https://www.irs.gov/charities-non-profits/contributors/non-cash-donations>

<sup>2</sup> *Retirement plans FAQs regarding IRAs distributions (withdrawals)* | Internal Revenue Service, <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-distributions-withdrawals>

<sup>3</sup> *What is a Donor-Advised Fund?* | Fidelity Charitable, [https://www.fidelitycharitable.org/guidance/philanthropy/what-is-a-donor-advised-fund.html?immid=PCD&account=&campaign=31354684&adgroup=2956185337&keyword=donor-advised%20fund&msclkid=37eeff8f9f841263a6d09762ebffc651&utm\\_source=bing&utm\\_medium=cpc&utm\\_campaign=DAF\\_Primer\\_Bing&utm\\_term=donor-advised%20fund&utm\\_content=Donor\\_Advised](https://www.fidelitycharitable.org/guidance/philanthropy/what-is-a-donor-advised-fund.html?immid=PCD&account=&campaign=31354684&adgroup=2956185337&keyword=donor-advised%20fund&msclkid=37eeff8f9f841263a6d09762ebffc651&utm_source=bing&utm_medium=cpc&utm_campaign=DAF_Primer_Bing&utm_term=donor-advised%20fund&utm_content=Donor_Advised)

single filers and \$2,000 for joint filers for cash gifts made to operating charities. *However, contributions to DAFs and private foundations are excluded from this deduction.*<sup>4</sup>

**New itemization floor.** Another significant change is the implementation of a 0.5% AGI (Adjusted Gross Income) floor for itemized charitable deductions. This means that only charitable contributions exceeding 0.5% of your adjusted gross income will be deductible. For example, if your AGI is \$500,000, the first \$2,500 of charitable giving will not be deductible. This change encourages donors to “bunch” their donations or use DAFs to consolidate giving in high-income years.<sup>5</sup>

**Cap on deductibility.** Additionally, the bill introduces a cap on the deduction value for high earners. Taxpayers in the 37% bracket will only receive a 35% deduction for charitable contributions. As a result, accelerating large gifts into 2025 may help preserve the full deduction value before these changes take effect.<sup>6</sup>

If you are in a high tax bracket and are considering major charitable giving, accelerating your gifts into 2025 and utilizing old rules prior to the implementation of the OBBB provisions may be beneficial. This will allow you to take advantage of current laws which do not include a gifting floor or cap on deductibility. We encourage you to discuss options with a member of the Fiducient Advisors Wealth Office® team.

## Impactful Giving

Charitable giving is more than a financial transaction. It is a reflection of your values and a legacy that can endure for generations. Focus on causes that are meaningful to you, such as education, healthcare, environmental sustainability or local community support. Consider setting up recurring gifts for sustained support, naming charities in your estate documents or DAF beneficiary designations to extend your legacy. This is an opportunity to transform wealth into wellbeing, for others and for yourself. By integrating charitable giving into your broader financial plan, you help ensure your values are reflected in the legacy you leave behind.

## Year-End Checklist for Charitable Giving

To help you prepare effectively, here is a quick checklist:

- Review your AGI and tax bracket
- Decide whether to itemize or take the standard deduction
- Consult your CPA and financial advisor

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<sup>4</sup> *The impact of the One Big Beautiful Bill Act on charitable giving*, <https://giving.stanford.edu/stories/the-impact-of-the-one-big-beautiful-bill-act-on-charitable-giving>

<sup>5</sup> *The impact of the One Big Beautiful Bill Act on charitable giving*, <https://giving.stanford.edu/stories/the-impact-of-the-one-big-beautiful-bill-act-on-charitable-giving>

<sup>6</sup> *The impact of the One Big Beautiful Bill Act on charitable giving*, <https://giving.stanford.edu/stories/the-impact-of-the-one-big-beautiful-bill-act-on-charitable-giving>

- Evaluate DAFs, appreciated securities and QCDs
- Consider bunching donations to exceed deduction thresholds
- Make large gifts before year-end to lock in 2025 benefits
- Choose qualified charities aligned with your values
- Document all gifts for IRS compliance

As the year draws to a close, thoughtful charitable giving can both amplify your impact on the causes you care about and serve as a strategic lever to enhance your financial well-being while preparing for the legislative changes ahead. Please contact the professionals at Fiducient Advisors to discuss any of these important year-end charitable giving strategies.

## About the Author



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Colin is responsible for the analysis of client investment portfolios for The Wealth Office®. He assists in the servicing of clients by offering expertise on asset allocation, portfolio design, investment policy statements, manager selection and financial planning. Prior to joining the firm in 2022, he was an Officer – Senior Investment Performance Analyst at Northern Trust. Colin earned his Bachelor's in Finance from Lake Forest College. In his free time, he enjoys backpacking, cooking and playing the cello.